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E.O. 12958: DECL: 03/07/2016

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SUBJECT: PRC/NEPAL: MFA THINKING ON FUTURE DEALINGS WITH
THE MAOISTS

Classified By: Political External Unit Chief Edgard Kagan. Reasons 1.4
(b/d).

11. (C) Summary. China considers the Maoists to have joined the political mainstream in Nepal, despite the ongoing struggle between the Maoists and the Seven Party Alliance to strike a power sharing arrangement, MFA Asian Department India, Nepal, Sri Lanka and Bhutan Division officer Zhi Luying stated. Beijing is likely to have contact with Maoists elected to government positions after the Constituent Assembly elections, but that contact would likely be restricted to official contacts. Beijing does believe the Nepal Army is cohesive and strong enough to take a position independent of the Nepal government, but at the same time, assesses that the Nepal Army is not willing to see the Maoists "take charge" of the government. End Summary.

12. (C) The PRC believes the peace process in Nepal is irreversible, according to Asian Department India, Nepal, Sri Lanka and Bhutan Division officer Zhi Luying. During a March 5 meeting, Zhi said that China considers the Maoists to have joined the political mainstream in Nepal, despite the ongoing "struggle" between the Maoists and the Seven Party Alliance to strike a power sharing arrangement. The formation of the interim government is being slowed by the Maoist demands to hold the positions of Vice Prime Minister, Minister of Foreign Affairs, Home Minister and Minister of Defense. The Maoists are very popular "among the masses," Zhi stated, observing that Maoist leader Prachanda's picture hangs "everywhere" in the capital. Zhi claimed that a recent poll (NFI) found Prachanda to be the second most popular political figure in Nepal behind Prime Minister Karalla and is considered a viable candidate for Prime Minister in future elections.

13. (C) China notes the ongoing U.S. concerns about Maoist activities and agrees that Maoist behavior needs to conform to the spirit of their agreements. Noting reports that Ambassador Moriarty has expressed hope to shake hands with Prachanda before departing Nepal, Zhi queried how the United States plans to manage relations with the Maoists if they take government positions and are elected to the Constitutional Assembly. Though Beijing continues to watch the Maoists closely, the PRC is likely to have contact with Maoists in government positions after the Constituent Assembly elections. Zhi said that such contact would likely be restricted to official meetings.

14. (C) Zhi assessed that the Nepal Army's support for the Nepal government will grow as the strength of the Nepal

government increases. Beijing believes the army is cohesive and strong enough to take a position independent of the Nepal government. At the same time, China believes the Nepal Army is not willing to see the Maoist "take charge" of the government, Zhi said. Regarding the first phase of UNMIN Arms and Combatant registration, Beijing did not expect large numbers of arms to be registered, Zhi said, adding that the Maoists are not heavily armed with sophisticated weapons.

15. (C) Beijing is not planning any high-level visits or exchanges with Nepali government officials until after the Constituent Assembly elections are held. Zhi stated that Prime Minister Karalla has requested to visit Beijing. Zhen Xiangling, China's new ambassador to Nepal will arrive in Kathmandu in mid to late March. Ambassador Zhen's career has been spent largely working on Japanese issues, according to Zhi.

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